DOCUMENT RESUME

ED 363 792 CE 065 114

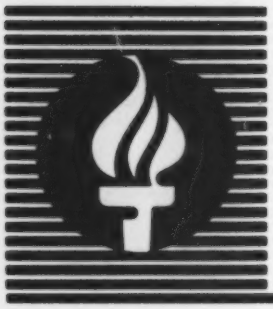
AUTHOR	Christensen, Kathleen
TITLE	Flexible Staffing and Scheduling in U.S. Corporations. Research Bulletin No. 240.
INSTITUTION	Conference Board, Inc., New York, N.Y.
SPONS AGENCY	New Ways to Work, Palo Alto, Calif.
PUB DATE	89
NOTE	25p.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Adult Education; *Employment Practices; *Flexible Working Hours; Fringe Benefits; Job Sharing; *Leaves of Absence; National Surveys; *Part Time Employment; *Personnel Management; Personnel Policy
IDENTIFIERS	*Flexible Staffing; *Temporary Employment

ABSTRACT

A national survey in 1988 probed the use of flexible staffing and scheduling alternatives in 521 of the largest U.S. corporations. Company executives indicated they expected their companies to decrease their rate of growth of contingent staffing and increase their use of flextime, job sharing, and home-based work. Several specifics stood out within this general shift of emphasis from flexible staffing to flexible scheduling. Human resources executives expressed lower levels of satisfaction with temporary agency hires, compared to independent contractors and in-house temporaries, on three counts: job performance, administrative costs, and ease of supervision. Results revealed an uneven, but growing, interest on the part of employers to consider work schedules that differed from the full-time, Monday through Friday, 9-to-5 arrangements. As of now, part-time job opportunities and flextime programs existed in a significant proportion of surveyed companies. In companies that had adopted flextime, job sharing, and home-based work, human resources executives gave employees on these schedules high marks with regard to job performance. Surveyed companies were most apt to provide these types of time-off policies: paid absences for vacation, jury duty, sick leave, and bereavement. In addition, leaves for family-related matters, typically unpaid, existed in a significant proportion of the surveyed companies. (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 363 792



The Conference Board

Flexible Staffing and Scheduling in U.S. Corporations

Results from a national survey reveal new trends:

- *increased use of flexible schedules for regular employees*
- *the need for new tools to manage "flexible employees"*
- *greater reliance on in-house temporary help, less on outside agency hires*
- *more flexible leave policies*

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

B Herman

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Research Bulletin No. 240

CE065 114

Acknowledgments

This survey was undertaken in cooperation with New Ways to Work, a nonprofit resource development and research organization located in San Francisco. Through New Ways to Work, partial funding for the study was provided by the Women's Bureau of the U.S. Department of Labor, the American Express Foundation, and the Pacific Telesis Foundation. The Conference Board is grateful to these organizations for their support.

The author wishes to thank the many people on The Conference Board staff who worked on this study. She also acknowledges with appreciation the contribution to the data analysis provided by her assistant, Halina Maslanka.

© 1989 The Conference Board, Inc.

THE CONFERENCE BOARD, INC.
845 Third Avenue, New York, N.Y. 10022
THE CONFERENCE BOARD OF CANADA
255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada
THE CONFERENCE BOARD, INC.
Avenue Louise, 207 Bte 5, B-1050 Brussels, Belgium
THE CONFERENCE BOARD, INC.
1755 Massachusetts Avenue, N.W., Suite 312, Washington, D.C. 20036

Flexible Staffing and Scheduling in U.S. Corporations

by

Kathleen Christensen, Ph.D.
Associate Professor
The Graduate School, City University of New York

Highlights

Flexibility, a corporate watchword for the 1990s, is defined as "the ability to bend without breaking." In U.S. firms, that ability is an essential ingredient in human resources management—from work arrangements to compensation packages. As the twentieth century draws to a close, two types of work force flexibility have emerged; flexible staffing, which has to do with hiring people (typically off of the regular company payroll), on contingent and nonpermanent bases; and flexible scheduling, which pertains to how employees, once on the company payroll, are allowed to schedule their workdays. Firms' motivation for each type of flexibility differs.

Flexible staffing, referred to as contingent staffing, involves the use of independent contracting, temporary agency hires, and internal temporary pools. It is motivated largely by the need to cut or control labor costs, buffer downturns in the economy, and protect the security of permanent or "core" employees. Flexible scheduling, on the other hand, includes flextime, part-time work, job sharing, home-based work, phased retirement, and compressed workweeks. It typically reflects the company's desire to recruit and retain good performers, enhance its corporate image, and meet the work-family needs of the employees.

In an effort to document these national trends in work force flexibility, The Conference Board in conjunction with New Ways to Work, a San Francisco-based resource on flexible work arrangements, conducted a national survey in 1988 that probed the use of flexible staffing and scheduling alternatives in 521 of the largest U.S. corporations. According to this survey:

• Company executives predict that the 1990s will differ from the 1980s in what their firms want with regard to work force flexibility. During the mid-1980s, company officials reported dramatic increases in the rate of growth in their use of external temporary agency hires and independent contractors, and minimal growth in their use of flexible schedules. That emphasis is expected to shift in the near term. Human resources executives now indicate that they expect their companies to decrease their rate of growth of contingent staffing and increase their use of flextime, job sharing, and home-based work. These are often viewed as ways to retain valuable employees, and respond to the work-family needs of their employees.

• Several specifics stand out within this general shift of emphasis from flexible staffing to flexible scheduling. As of now, temporary agency hires are the most common tactic that a company uses to keep a nonpermanent work force, particularly for clerical or administrative support positions. But prevalence and satisfaction do not necessarily go hand-in-hand. Human resources executives express lower levels of satisfaction with temporary agency hires, compared to independent contractors and in-house temporaries, on three counts: job performance, administrative costs, and ease of supervision. Company officials also report that they expect to decrease their use of external temporary agency hires and increase their reliance on internal temporary pools in the coming years—marking a major change in how companies think about hiring temporary workers. Coupled with this change, companies anticipate a leveling-off in the number of independent contractors hired for professional, technical, or managerial positions.

• Results reveal an uneven, but growing, interest on the part of employers to consider work schedules that differ from the full-time, Monday through Friday, 9-to-5 arrangements. As of now, part-time job opportunities and flextime programs exist in a significant proportion of surveyed companies—particularly for clerical or administrative support jobs—while job sharing, phased retirement, and home-based work are offered in only in a minority of firms. Industry variations exist among these arrangements.

• Reported satisfaction with the job performance of job sharers and employees working on flextime arrangements or at home may prompt more companies to consider these options. In the companies that have adopted flextime, job sharing, and home-based work, human resources executives gave employees on these schedules higher marks with regard to job performance and lower ones with regard to ease of supervision—leaving an unasked question. Should high performers cease to be allowed to work on these schedules, or should companies take advantage of their work quality and learn better ways of managing these employees? Survey reports that companies expect to increase their use of these arrangements could indicate a willingness on the part of managers

to explore alternative ways of managing employees on flexible schedules.

• Time-off policies provide additional flexibility for employees. Surveyed companies are most apt to provide paid absences for vacation, jury duty, sick leave, and bereavement. In addition, leaves for family-related matters, typically unpaid, exist in a significant proportion of the surveyed companies. In fact, the majority of these firms offer parental leaves for mothers (beyond disability) that exceed the ten weeks of unpaid leave required by the Family and Medical Leave Act, if passed by the 101st Congress. In addition, two-thirds of the reporting companies offer leaves for sick family members—usually unpaid.

The future of work force flexibility seems to rest in the area of flexible scheduling, although widespread implementation will depend on more effective strategies for managing these flexible work arrangements.

Introduction

Firms in the United States have undergone profound changes in the last decade, as a result of downsizing, mergers and acquisitions, and the need to stay competitive in the global economy. According to economist David Birch, the Fortune 500 companies reduced their work forces by 3.1 million jobs between the beginning of 1980 and the end of 1987, going from an aggregate of 16.2 million employees to 13.1 million.[1] For example, AT&T cut 24,000 workers as a result of divestitures; Xerox reduced its work force by 14,000; and DuPont by more than 11,000.[2]

Turbulence in the internal labor markets prompted many companies to rethink their overall staffing philosophy. An executive at a major utility claims: "We used to be rigid, but our recent merger and change of structure requires more flexible management, and this, we hope, will mean more flexible policies." An executive of a regional bank in the Southeast reports that a merger led his company to consider more adaptive ways to staff: "Because of a recent merger the company doubled in size. Our plan is to reduce full-time head-count considerably and expand our peak-time staff to 25 percent of the bank's total [work force]."

In effect, companies are changing to just-in-time work forces, according to Thomas Plewes, an associate commissioner at the Bureau of Labor Statistics. Such a strategy parallels inventory systems that keep supplies and materials just sufficient to meet current demand.[3]

This desire for elasticity in staffing has resulted in a two-tiered work force in many U.S. firms. The first involves a core of salaried employees on the company payroll, who are accorded a relatively high degree of job security, perquisites, and benefits. The second tier includes a cadre of workers, many of whom are not on the company payroll, who are hired as contractors, temporaries, or casual part-timers. These workers have weak ties to the company, typically receive no benefits, and are hired for finite periods of time. Labor economist Audrey Freedman refers to this second tier of workers as the "contingent work force." She asserts that these workers allow U.S. firms to quickly respond to changing markets, to cut labor costs, and to staff for peak periods without increasing their permanent work forces.[4]

Supporters claim that contingent staffing results in humane staffing. A manager of personnel relations at Motorola notes: "Flexible staffing arrangements are usually implemented as employment buffers to preserve job security for regular employees. This philosophy is fundamental to our company." By being able to expand or contract contingent workers, layoffs among core employees can be minimized.

Contingent workers also provide a way for company officials to circumvent rigid head-count limitations, even though top management may not support the practice. A pharmaceutical firm in the Midwest has tried to eliminate an "inappropriate use of temporary workers or independent contractors just to avoid a head-count charge, but it is a constant problem."

While the desire to control costs and operate competitively has led to an expanded use of contract and temporary workers, dramatic changes in the demographic character and size of the U.S. work force over the last decade have contributed to the demand for a more flexible workplace. Women have entered the labor force in record numbers. Two-thirds of all women between 18 and 64 years of age are employed or looking for work. In aggregate, women represent 45 percent of the nation's total labor force. According to Department of Labor statistics, this share is expected to continue to increase, reaching 47 percent by 1995.

[1] See, for example, Amanda Bennett, *The Death of the Organization Man*, William Morrow & Co., forthcoming [Spring 1990], for specific examples of corporate downsizings, and the effect of such restructuring on U.S. business; and Francis Horvath, "The Pulse of Economic Change: Displaced Workers of 1981-85," *Monthly Labor Review*, June 1987, pp. 3-12.

[2] See Thomas Plewes, "Understanding the Data on Part-time and Temporary Labor," in *Flexible Workstyles: A Look at Contingent Labor*. Washington, DC: U.S. Department of Labor, The Women's Bureau, 1988, pp. 9-13.

[4] Audrey Freedman, *The New Look in Wage Policy and Employee Relations*. The Conference Board, Report No. 865, 1985. See also Richard S. Belous, *The Contingent Economy: The Growth of the Temporary, Part-time, and Subcontracted Workforce*. NPA Report No. 239. Washington, DC: National Planning Association, 1989.

Method

In the spring of 1988, a survey concerning flexible staffing and scheduling arrangements was mailed to senior human resources executives in 2,775 of the largest U.S. companies in nine major industries. Five hundred and twenty-one companies sent back usable responses and 502 identified their firms' principal line of business: 169 from the manufacturing sector, 179 from the finance and insurance industry group, and 154 from nonfinancial services. The manufacturing category includes industrial and consumer manufacturing as well as extraction; finance and insurance (banks, insurance companies, other financial services); and nonfinancial services (transportation, diversified services, construction, wholesale and retail trade, and utilities).

The executives were questioned regarding their firms' use in 1987 of three staffing arrangements, (internal temporary pools, temporary agency hires, and self-employed independent contractors) and six scheduling arrangements (flextime, regular part-time employment, job sharing, compressed workweeks, phased retirement, and home-based work).

In general, more than half of the responding firms reported for their entire work forces, while nearly a third limited their observations to corporate headquarters staff (Table A). Firms in the finance and insurance sectors were more likely to report for the entire work force than companies in manufacturing or the nonfinancial services.

The median number of U.S. employees in each of these firms was 3,000, with over one-third unionized (Table B). Women constituted nearly two-thirds of the work forces for firms in finance and insurance but accounted for only about a third of the work forces in manufacturing and nonfinancial services companies.

The sample is not representative of all U.S. businesses, or even of very large corporations. In fact, the responses may be skewed in favor of firms that provide flexible scheduling and staffing alternatives, since these firms may be more likely to have participated in the survey. The existence or extent of such skewing is not known, since no attempt was made to analyze the nonrespondent population.

Table A: Scope of the Survey's Responses

	Companies reporting for:			
	Entire Work Force	*Headquarters Staff Only*	*Employees in One Business Unit*	*Other*
Total Sample	58%	31%	6%	5%
Manufacturing	45	41	6	7
Finance and Insurance	70	21	5	4
Nonfinancial Services	62	29	5	4

Table B: Profile of Surveyed Firms

	Number of Respondents	*Median Number of Employees (U.S. only)*	*Mean Percentage*		
			Unionized	*Men*	*Women*
Total Sample	502*	3,000	39%	52%	48%
Manufacturing	169	6,500	33	63	37
Finance & Insurance	179	3,500	23	35	65
Nonfinancial Services	154	1,400	45	65	35

*Excludes 19 firms that did not provide descriptive background data.

The most dramatic change in work patterns among American women can be seen among mothers. In 1960, less than a third of all mothers worked; by 1987, that percentage had more than doubled. The Women's Bureau of the U.S. Department of Labor estimates that the majority of women work because of economic need. Approximately two-thirds of working women are widowed, divorced, separated, have never been married, or have husbands whose annual incomes are less than $15,000 a year.

One of the net results of increased female labor force participation is that women now spend more years of their lives working. A woman in the 1980s can expect to spend nearly

Definitions

In this report, flexible staffing and scheduling are defined as follows:

***Contingent Staffing Arrangements*—**Workers typically have weak, nonpermanent ties to the employer, and perform short-term assignments with no guarantee of future employment.

Internal Temporary Pool: Persons enrolled in the pool are on call as needed. The pool is managed internally by the company, and may consist of former employees and/or external hires.

Temporary Agency Hires: Persons hired through a temporary service firm who are employees of that agency, not of the firm contracting for the service.

Independent Contractors: Self-employed workers hired for a finite period of time as, e.g., free-lancers or consultants.

***Scheduling Arrangements for Employees on Company Payroll*—**Arrangements for workers with implied job security, often designed to enhance employee retention and morale.

Flextime: A work schedule that permits flexible starting and quitting times, but requires a standard number of hours to be worked within a given time period.

Compressed Workweek: Full-time work schedule completed in fewer than five days a week.

Regular or "Permanent" Part-time Work: Less than full-time work by employees on company's regular payroll; benefits may or may not be available.

Job sharing: Two people voluntarily sharing the responsibilities of one full-time position, with salary and benefits prorated.

Phased Retirement: Option for older workers to reduce the number of hours worked for a period of time prior to retirement.

Home-based Work: Employees working off-site who may or may not be linked electronically through a computer (sometimes referred to as "telecommuting").

Problems with Terminology

It is evident from the survey responses that some overlap exists in the way staffing and scheduling arrangements are defined. For the purpose of this report, part-time employment is defined as a flexible scheduling arrangement—that is, a reduced-hour work schedule for individuals who are on the company's regular payroll. Such an arrangement, which usually includes prorated benefits, is conceived as a way to retain (and also sometimes to attract) employees with key skills. In many cases, full-time employees elect part-time schedules as a temporary arrangement, for example, during early child-rearing years, or as a way to phase in to a full-time assignment following a maternity leave or after a serious illness.

Some companies, however, also have part-timers who are hired directly on an on-call or intermittent basis. While these workers should be classified as contingent workers because they are generally not considered regular employees and do not have job security, they may not always have been counted that way in the survey data. In addition, some contingent part-timers are hired through a firm's internal temporary pool.

Other areas of confusion lie with concepts of part-time employment and job sharing, and it is likely that some misclassification has occurred. As noted, part-time work can refer to any schedule that is less than full time. Unless two part-timers share responsibilities for one full-time job, they should not be considered job sharers. Furthermore, in classic job-sharing arrangements, the benefits of the job shared are prorated between the sharers.

30 years of her life at work, compared to an expectation of 20 years in 1960. The worklife pattern among men is quite different: it dropped from 41 to 39 years in that time period.

As more women work for longer periods of their lives, they are faced with balancing work and family demands, prompting a desire for greater work scheduling flexibility. Although driven by women's entrance into the labor market, such needs, it should be noted, are family issues affecting both spouses. This demand for flexibility stems not only from child care responsibilities, but also from the need to care for older family members. According to a 1985 survey of employees at The Travelers Companies, 28 percent of the respondents, aged 30 or older, had some caregiving responsibility for an older family member.[7]

Some firms feel it is in their best interest to be responsive to the needs of their employees. As a manager of a midwestern

[7] The Travelers Companies, *The Travelers Employee Caregiver Survey: A Survey on Caregiving Responsibilities of Travelers Employees for Older Americans*, June 1985.

manufacturing company noted: "We believe that being reasonable about employees' needs for flexible hours does more for morale than just about any other benefit." Many firms would agree further with a major retailer's philosophy: "We want to meet employee needs when they also satisfy operating needs."

Other top managers are reluctant to implement flexible scheduling without a clear bottom-line justification. At one regional bank, a company official says: "This bank is unlikely to make any significant changes in scheduling alternatives unless the job market is such that it is impossible to attract and retain qualified employees without taking action."

Contingent Staffing

The turbulence affecting corporate America in recent years is reflected in the responses to the The Conference Board's survey. Over the 1985-1987 period, more than a third of the responding companies were involved in major acquisitions or divestitures; nearly a quarter instituted significant layoffs; and one-fifth introduced early retirement programs (Table 1). Among those surveyed, manufacturing was more severely affected by these restructurings than firms in the financial and nonfinancial services sectors.

Contingent Work Forces

Of the 521 survey respondents, 91 percent (472 firms) hire contingent workers. Management relies on contingent workers as a way to contract or expand the total work force at will, thus buffering the job security of permanent core employees, as well as saving in total labor costs.

Firms are most likely to use temporary hires as a contingent staffing alternative: virtually all of the 472 firms using contingent workers hire temps through agencies. In addition, of those responding, more than three-quarters of the companies rely on self-employed independent contractors; and nearly one-half established internal temporary pools (Table 2).

The use of internal temporary pools appears to be the arrangement most in flux. On the one hand, the data suggest that internal temporary pools may become more prevalent in the future, since they represent the arrangement most likely to be under consideration by the firms surveyed. According to survey responses, however, once in place, internal pools also seem more susceptible to being discontinued than other contingent staffing arrangements. This ambivalence may be due, in part, to problems inherent to a temporary work force and to the realization that, because they are small, many internal pools work best as informal arrangements.

Although the use of temporary agency hires is consistent across the survey's three industry groupings—manufacturing, nonfinancial services, finance, and insurance—there are some other interesting, albeit not dramatic, industry variations. Manufacturing firms show somewhat greater reliance on contract labor and internal temporaries as a staffing alternative than firms in the financial and nonfinancial service industries (Chart 1). One explanation for industry variations in staffing patterns may be that firms in the manufacturing sector have experienced more layoffs, mergers, and divestitures relative to their numbers than firms in other industries. The differences across industries may also reflect the different kinds of jobs in each industry.

Specific types of contingent staffing arrangements are often closely linked to particular occupational tasks. While firms typically turn to temporaries for their clerical work, and to a lesser extent for light industrial jobs, they rely on independent contractors for short-term professional, managerial, or technical assignments (Chart 2). Despite the recent public attention to the "growth" in the number of technical and managerial temporary workers, available evidence suggests minimal reliance by large corporations on temporaries for these skills.[6]

[6]See Lynn Asinof, "Rent-an-Exec Firms," *The Wall Street Journal* (Labor Letter), August 4, 1988; and Selwyn Feinstein, "More Small Firms Get Help from Rent-a-Boss Service," *The Wall Street Journal*, January 25, 1989.

Table 1: A Period of Restructuring

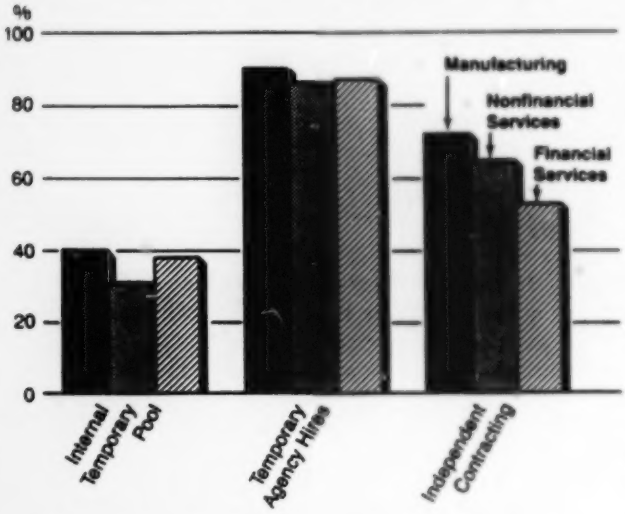
	Percentage of Firms Experiencing Major Changes between 1985 and 1987		
	Significant Layoffs	Early Retirement Incentives	Major Acquisitions and Divestitures
Total Sample	24%	20%	35%
Manufacturing	32	25	45
Nonfinancial Services	28	28	29
Finance & Insurance	14	9	31

Table 2: Current Status of Contingent Staffing Arrangements

	Type of Arrangement		
	Internal Temporary Pool	Temporary Agency Hires	Independent Contracting
Respondents (No.)	379	465	412
Percent Distribution	100%	100%	100%
Presently Used	49	97	78
Previously Used	12	1	8
Considered & Rejected	8	—	1
Being Researched	9	—	1
Never Considered	22	2	12

Chart 1:

Percentage of Firms Using Contingent Staffing
(By Industry Group)



Note: See Table 2, page 7, for incidence of individual staffing arrangements.

Not surprisingly, since most temporaries are clerical workers, they are also most likely to be female, paralleling the overall gender distribution of that occupation. Equally unsurprising is the finding that since independent contractors tend to hold professional, managerial, or technical jobs, they are also more likely to be men.

Individual Staffing Arrangements

Temporary Agency Hires

Among those surveyed, temporary agency hires are the most commonly-used staffing alternative. From management's perspective, temporary agency personnel have provided considerable staffing flexibility in a period when businesses have experienced reduced or stabilized head counts—but not without union opposition. According to a company official, a northeastern utility has responded to union resistance by "emphasizing the labor shortages we face and our periodic need to staff for peak periods or for special skills. We've told union officers that if we were to hire regular employees, the costs would be prohibitive and could result in layoffs." Evidence from this survey (see Chart 3), now indicates that companies are perhaps beginning to rethink their heavy reliance on temporary agency hires, due to high costs and the perceived uneven quality of work. Unions will undoubtedly support such a trend, because of their long-standing concern that greater reliance on temporary and contract labor could reduce or eliminate full-time employee positions.

Responsibility for agency hires is typically centralized in one department, usually the personnel unit. In fact, 57 percent of all surveyed firms do not permit local managers to contact the temporary agencies directly. Only 16 percent of the firms give local managers this authority, but limit it by requiring some form of higher approval. The remaining 27 percent allow local managers to hire from temporary agencies without higher-level approval.

If a companywide contract with a temporary agency is negotiated, it is usually arranged through the human resources department. A small percentage of firms, however, arrange the contracts through their purchasing departments. Whether contracts are negotiated through human resources or purchasing appears to depend on the size of the contract—the larger the contract, the more likely it will be to go through purchasing.

Internal Temporary Pools

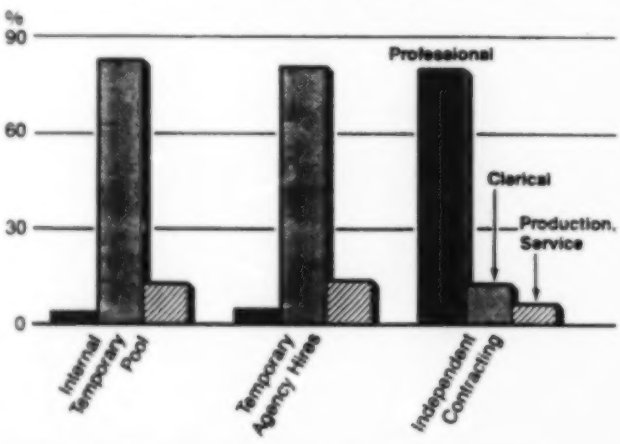
Because of dissatisfaction with the costs of temporary agency hires, many human resources managers, as noted earlier, anticipate greater reliance on internal temporary pools in the years ahead (see Chart 5). Of the 472 firms using contingent workers studied, nearly 200 have some type of internal temporary pool or "floater" system, usually designed to cover short-term staffing needs.

A West-coast engineering and construction firm developed a 850-person internal temporary pool staffed by people between jobs, retirees, homemakers returning to the work force, former employees, and students, for a different purpose. The manager of compensation reports that since "client contract terms sometimes restrict the reimbursability of temporary agency employees, an internal temporary pool made operational sense." The company draws on its floater system to cover all jobs, including managerial, technical, and clerical. The size of the internal pool and the scope of the services offered are atypical.

As a rule, internal pools are small and consist mainly of individuals who perform clerical and administrative support assignments. Most firms are like GTE in Connecticut, which employs 25 internal temporaries (mainly women), who han-

Chart 2:

Distribution of Temporary and Contract Workers
(By Occupational Category)
Total workers in each staffing arrangement = 100%

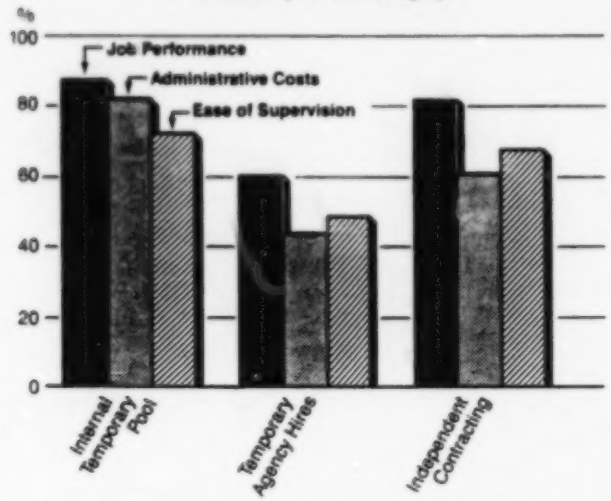


Note: See Table 2, page 7, for incidence of individual staffing arrangements.

Chart 3:

Management Satisfaction with Contingent Staffing

Percentage firms reporting "very satisfactory" or "satisfactory" in each category



Note: See Table 2, page 7, for incidence of individual staffing arrangements.

dle clerical and administrative support tasks. In 1987, among those surveyed, 17 was the median number of temporary enrollees in the internal pools. Fifteen of these temps worked during the year.

The ideal internal temporary staffing arrangement, according to many firms, is one in which temps are former company employees. An executive at a Chicago-based firm stresses: "Almost all members of our internal temporary pool are former full-time employees, who prefer not to work full-time currently, or carefully selected prospects who may want full-time work sometime in the future. This has been quite successful. By using this strategy, we have retained proper control over quality and performance."

Not all firms needing temps have access to such a rich pool of applicants. Companies in tight labor markets face widespread staffing problems; internal temporary pools are not exempt. For example, Xerox Corporation has trouble keeping its in-house temporary pool in Connecticut fully staffed because incumbents in the pool are quickly moved into full-time positions. As a result, like The Travelers in nearby Hartford, Xerox runs periodic open houses in order to recruit a steady stream of applicants for its pool.

Among survey participants, the typical employees of internal temporary pools, in rank order by percent of firms reporting use, are: former employees other than retirees, 62 percent; homemakers returning to the work force, 56 percent; students, 50 percent; and retirees, 44 percent.

Although retirees are currently employed in less than half of the internal pools studied, they are frequently mentioned as a resource for future temporary job assignments. An executive at a midwestern manufacturing company finds that retirees are particularly helpful in clerical work because, he says: "We get the advantage of their knowledge of the company—and they like to come back for short periods." The Travelers Retiree Job Bank is built on the same philosophy. A recent Conference Board report details the experiences of companies that have established internal temporary pools (or "job banks") that include older workers.[7]

Independent Contractors

Of the 472 surveyed firms using contingent workers, over 300 hired independent contractors in 1987, yet the actual number of contractors who worked within each firm was relatively small. Seventy-five percent of the firms had 20 or fewer independent contractors.

Firms are selective in their use of contract labor, typically seeking out special skills not available in the company. A manufacturer in New York State hired five contractors with specific management skills in 1987, but has no interest in a wider use of individual contracts, largely because, he observes: "My supervisors are concerned over the lack of supervision with contractors. Their resistance has only been partially overcome by some good experiences." In some cases, former employees who were laid off, took early retirement, or left the firm to start their own businesses are hired back as consultants. The absence of centralized record-keeping makes it difficult to estimate aggregate annual expenditures on the firms' use of contract labor, or on the number of former employees hired under this arrangement.

The typical arrangement regarding contractors is to allow for local hiring, but to impose annual dollar limits on expenditures. The median budget cited by the ten firms providing such figures was $100,000. A utility in the Northeast sums up its experience with contractors as being effective, but it also offers a caveat: "As temporary help, contractors can be used excessively unless reporting and budget controls are in place."

Independent contractors whose skills are in high demand can take advantage of management's interest in contingent staffing. Contractors in professional or technical areas, for example, often like the autonomy and the financial advantages of self-employment. Many such contractors can command higher compensation than they would as employees. Contracting out, however, can also be exploitative. For example, some "self-employed" women, hired to do routine clerical work for one employer, are given daily quotas to meet and are paid on a piece-rate basis. In effect, they perform as employees, but receive less compensation because they have no benefit protection.

Satisfaction with Staffing Arrangements

The company officials surveyed were asked to rate their satisfaction with each of the three staffing arrangements—temporary hires, internal pools, independent contractors—with respect to: job performance, administrative costs, and ease of supervision.

[7]See Helen Axel, *Job Banks for Retirees*, The Conference Board, Report No. 929, 1989.

Chart 4:

Recent Trends in Contingent Staffing

1987 Experience Compared with Recent Past

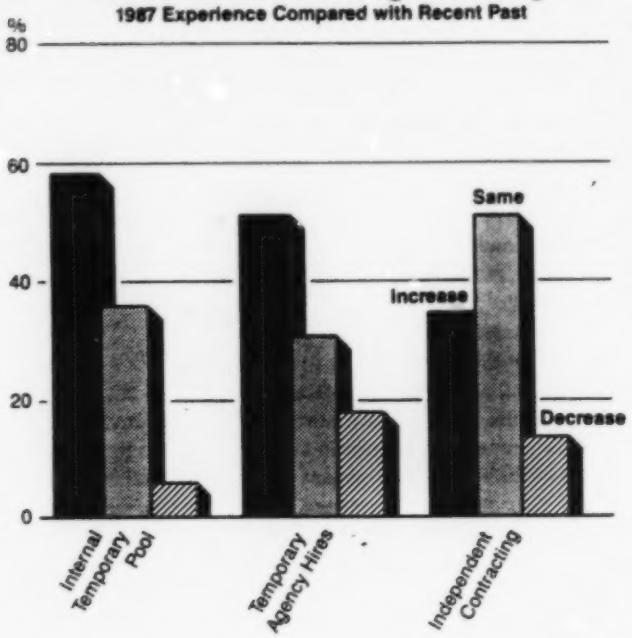
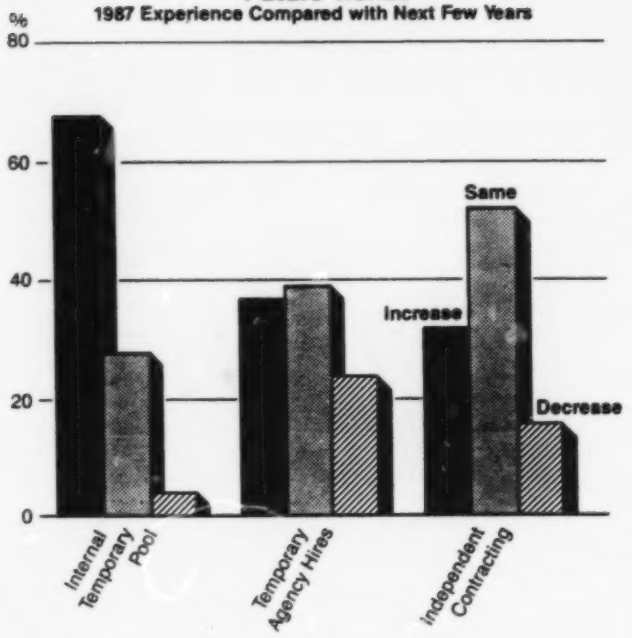


Chart 5:

Future Trends

1987 Experience Compared with Next Few Years



Satisfaction levels were highest for internal temporary employees in all three categories (Chart 3). Temporary agency hires, which represent the most prevalent staffing arrangement, on the other hand, received the lowest satisfaction ratings on all three dimensions. Differences in ratings may be related to the presence or absence of quality controls in the hiring process. People hired for internal pools or as contractors are often former employees who have been carefully selected. Although tested for certain tasks by the agency, agency temporaries may be inappropriate for the demands of the jobs to which they are assigned or for the culture of the organization. In addition, quality may be hard to obtain consistently in the temporary service industry, given its rapid rate of growth. Although major temporary help agencies, such as Manpower, Inc. and Kelly Services, have built their businesses on improving quality by providing clerical temps with training on different types of word processing software, individual firms have tried to resolve quality-of-work problems their own way. As one company executive suggests: "We have had some problems with the quality of temporary help, which we have minimized by dealing with fewer temporary agencies and by keeping them aware of the quality of their personnel."

Trends in Contingent Staffing

In the recent past (several years prior to 1987), more than half of the 465 firms using temporary agency hires and 185 of the companies with internal temporary pools reported growth in their use of these types of temporary workers. On the other hand, only a third of the 412 firms hiring independent contractors cited recent increases in the use of this staffing arrangement (Chart 4).

In aggregate, 126 firms, or more than two-thirds of those providing responses, predict their use of internal temporary pools will grow, while approximately two-thirds of the firms reporting use of contractors or agency personnel plan to stabilize or reduce the extent of these arrangements (Chart 5). The stabilization or cutbacks of temporary agency hires and contractors may reflect the lower level of satisfaction with quality and cost of these work arrangements, and the difficulties of managing a work force with limited affiliation to the firm. Expected growth in internal temporary pools, on the other hand, may be related to the less extensive use of these staffing arrangements at the present time, as well as to their generally higher approval ratings.

As the previous section has shown, contingent practices may now be changing. For a variety of reasons, firms now are trying to keep their most valued employees and achieve or retain a competitive edge in recruitment. To do so necessitates, in part, a reevaluation of the appropriateness of traditional employment models—full-time, Monday through Friday, on-site—for all employees, particularly those seeking flexibility in when and where they work.

American businesses are beginning to face the effects of changing demographics on their ability to recruit and retain high-quality workers. According to a 1987 report commissioned by the U.S. Department of Labor, U.S. population growth has leveled off, particularly among the educated middle class.[8] This means that, by the end of this century, the United States will have fewer workers trained for jobs that require education and technical skills. The consequences of the changing balance between supply and demand are two-fold—a tightening of labor markets and an increasing mismatch between available skills and new job requirements.

The labor market is feeling the pinch. A recent survey of more than 700 human resources executives by the American Society for Personnel Administration reveals that 43 percent report problems finding qualified executives; 66 percent cite difficulties finding technical help.[9] In order to attract workers, the study finds, higher wages are being offered by 58 percent of these companies, tuition aid by 52 percent, and better health benefits by 31 percent. All of these recruitment incentives are costly.

In addition to these changes in work force supply and demand, there has been a profound restructuring of American families. Only 7 percent of U.S. families with two children fit the traditional model of a male breadwinner and full-time homemaker. And, with working parents turning increasingly to their employers for assistance, companies are responding to the pressure for more flexible work schedules.

Obstacles to Flexible Schedules

As a result of conditions in local labor markets, projected labor shortages in the 1990s, and increasing demands on the part of employees to meet work-family needs, American businesses are beginning to consider flexible work schedules for their core employees—but not without resistance. Part-time work, job-sharing, home-based work, and even flextime arrangements differ in unique ways traditional work patterns. (See page 6 for definitions of various scheduling arrangements.) As a result, top management is often reluctant to implement changes; unions hesitate to negotiate new arrangements; supervisors find it difficult to manage workers on flexible schedules; and employees who cannot participate in certain arrangements, such as flextime, may resent those who can.[10]

For many firms, the obstacles to flexible scheduling may seem insurmountable at first. Management wants to ensure that customer needs are met, telephones covered, production schedules adhered to, and that equity problems do not arise. Yet, as one executive at a large regional insurance company learned: "Our major obstacle was adjusting philosophically."

In some companies, local supervisors circumvent top-level resistance by negotiating private agreements with good performers on an ad hoc basis. This tactic works, as long as the arrangements do not conflict with a head-count system or with the calculation of health benefits.

Overcoming Fears

When a human resources unit seeks to develop formal policies or guidelines, it must address managers' fears of the unknown and their concerns about costs in a systematic manner. For example, one common top management fear is that of the slippery slope: "If we let one person do it then we'll have to let everyone do it." A related fear has to do with handling potential resentment: "How do we handle the reaction of employees who are not eligible or whose jobs are inappropriate for the arrangements?" There is also the fear of potential abuse: "If we give people an inch, they'll take a mile." Probably one of the major sources of concern has to do with supervising workers on alternative schedules: "How can work be managed if employees aren't always present?" and "How can we ever schedule meetings if everyone is on different work arrangements?"

Firms that have successfully dealt with these fears have adopted a variety of procedures. One approach involves simply raising the awareness within the firm of the viability of the arrangements. Corning Inc. has learned that "showing success stories is the most helpful." An insurance company located in Nebraska initiated a task force to review the proposals for flexible work, while an executive at National Convenience Stores reports that his company relied on "testimonials from others who have successfully incorporated the concept."

Once the awareness level has been raised, efforts are then made to examine how viable the different arrangements are for that firm. Some companies introduce flexible work arrangements on a pilot or trial basis, and conduct in-house evaluations—formally or informally—to see how well they are working. Such analyses generally include data on who sought the arrangements, which jobs appear appropriate (or inap-

[8] An analysis of the impact of changing demographics on the future labor force can be found in William B. Johnston and Arnold H. Packer, *Workforce 2000: Work and Workers for the 21st Century*. Indianapolis, IN: Hudson Institute, 1987.

[9] Results cited in "Labor Shortages are Getting Tighter and Tighter, Companies Say," *The Wall Street Journal* (Labor Letter), February 7, 1989.

[10] That attitude appears to be changing at least with regard to the retiree segment of the work force. In August 1988, the AFL-CIO recommended that unions "work with employers to develop flexible schedules for retirees who wish to continue working in workplaces where flexible schedules are appropriate." See Eileen Appelbaum and Richard S. Belous, "Human Resource Flexibility and Older Workers: Management and Labor Views." Unpublished paper presented at the Industrial Relations Research Association (IRRA), December 28, 1988.

propriate) for alternative schedules, what managers do to ensure success, and what areas may be subject to abuse. Firms, such as U S West Communications, have found that trial programs are very effective in promoting changes in scheduling arrangements. A firm in the entertainment industry tested the viability of alternative arrangements by running a series of focus groups with top managers to solicit their opinions and to build a base of support as they moved forward with their plans.

After the trial period ends and guidelines have been developed, most of the companies under study continue to move slowly in overall implementation. Several companies express the need for full explanation, particularly to departments or employees whose jobs are excluded from the option—if resentment is to be avoided or at least managed. At McCormick & Company, in Maryland, the policy has been to "consider flexible arrangements only if the needs of the job and the department can be met—and we have found that our employees understand this." A large utility "provides a full explanation to employees in departments where an arrangement cannot be accommodated so as to minimize discontent."

Overcoming "Head-count" and Health Benefit Problems

Part-time work poses problems to firms that use rigid head-count systems. The Upjohn Company found its system for employee accounting "to be a serious obstacle to expanding part-time and job-sharing work options. For accounting purposes, a part-time and a full-time position create the same charge against an officer's allocated annual head count." In the lean-and-mean climate of the 1980s, few companies have had the resource luxury of replacing a full-time person with a part-timer. AEtna Life and Casualty addressed this problem by going to a full-time equivalent head-count system, so that job sharers can be counted as one full-time employee.

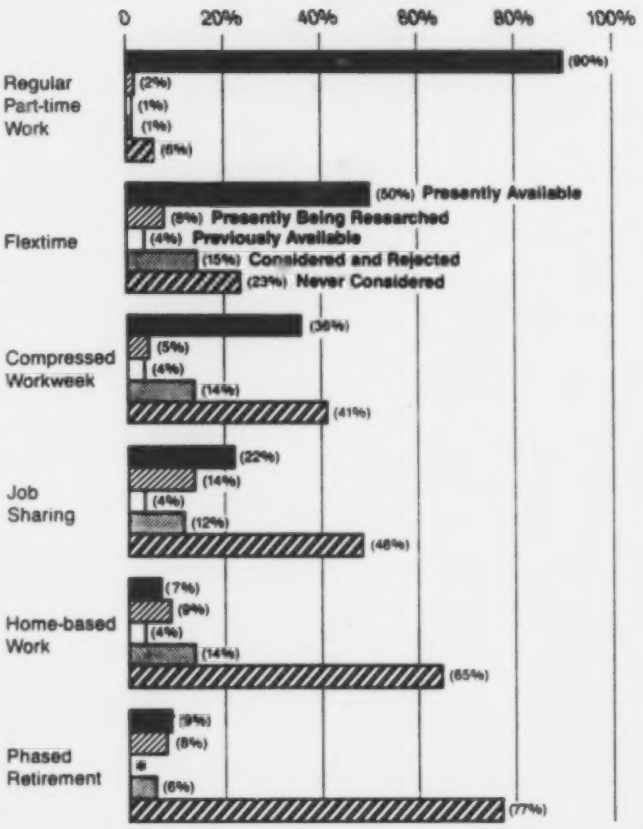
Job sharing has been particularly difficult for firms whose benefit packages might provide full-time benefits for part-time workers. In such instances, a job-sharing pair costs the firm one salary and two benefits packages. With benefits adding up to as much as 42 percent of an annual salary, these additional costs can be prohibitive. The Northeast Utilities System, which employs about 40 job-sharing pairs, circumvented this problem by implementing a special benefits program. Under this program, job sharers working at least 20 hours a week are provided health insurance benefits for themselves but not for their dependents. If job sharers need dependent health insurance coverage, they can purchase it at the company's group rate. Other firms prorate the benefits, sometimes setting up a new payroll system to do so. In sum, companies recommend:

- Get managers on board in terms of assessing needs and developing guidelines for flexible arrangements in order to overcome resistance.
- Teach employees that alternative schedules are a privilege to be earned, not an entitlement, and that some jobs may not be appropriate for certain arrangements.
- Implement arrangements on trial or pilot basis.
- Switch to an equivalent head-count system.

Chart 6:

Prevalence of Flexible Scheduling Arrangements

Total responses for each arrangement = 100%



Note: Number of firms using each arrangement varies. See Table 4, page 16

*Less than 1%

Company Experience

Nine out of ten, or 486 out of the 521 firms surveyed, utilize at least one of the six flexible scheduling arrangements. Regular part-time work represents the most prevalent arrangement; 90 percent of the firms using flexible schedules offer it (Chart 6). Flextime programs are the second most popular alternative scheduling option; half of the firms offer them, representing a three-fold increase from the number of companies that reported using flextime, based on a 1979 Conference Board Survey. At that time, 16 percent of the 570 responding companies employed some workers on flextime schedules.[1] Over a third of the companies adopting flexible schedules have implemented compressed workweeks.

Job sharing and home-based work are the two arrangements most likely to be under consideration by those surveyed. But

[1] Harriet Gorlin, *Company Experience with Flexible Work Schedules*, The Conference Board, Research Bulletin No. 110, 1982. Since no deliberate effort was made to ensure comparability between the two surveys, however, apparent trends may be exaggerated.

considering an arrangement does not mean a company will necessarily adopt it—as the adoption figures for job sharing and home-based work reflect. (Moreover, implementing one of these scheduling arrangements may affect far fewer people than, say, a flextime program.) Approximately 20 percent of the firms currently offer job sharing, but over 10 percent report that they once considered the arrangement and rejected it. Home-based work elicits the same pattern of ambivalence. While 7 percent of the firms permit employees to work at home, 14 percent explored the option but took no action (Chart 6).

Phased retirement is the arrangement most likely never to have been considered. This may be due, in part, to the downsizing climate of the 1980s, a period in which firms were more likely to offer early retirement incentives than programs for people to stay on the company payroll with reduced work schedules. What is strikingly clear from the survey data is that once firms do implement a flexible arrangement, they are not likely to rescind it. Less than 4 percent of the firms surveyed reported that any one arrangement had been previously available but was no longer in use.

Survey results also reveal that the three major industry categories under study—manufacturing, nonfinancial services, finance and insurance—do not vary dramatically in their use of flexible schedules. For example, the manufacturing sector is slightly more likely to implement compressed workweeks and phased retirement programs than firms in the service or finance and insurance industries. Phased retirement options depend on a retirement-eligible work force—at present, typically men. Thus, the manufacturing sector, which on average is male-intensive, predominates with these arrangements. Women employees, on the other hand, with shorter or more intermittent work histories, tend to be more prevalent in the financial services. Although compressed workweeks are adopted by all industries, they are often best suited to production processes that require round-the-clock operations. Compressed workweeks in financial service firms are typically limited to certain work units, such as data processing, and thus affect only a fraction of the company's workers.

The data also show that firms in the finance and insurance sector are likely to lead in offering regular part-time jobs, as well as opportunities for job sharing. The banking industry, which is customer-service oriented and needs a flexible staff to cover peak hours, is a good example. These female-intensive industries are also responding to the expressed desires of employees who have skills in demand—typically, women with responsibility for their children.

Individual Scheduling Arrangements

Regular Part-time Employment

Nine out of the ten companies surveyed offer part-time work (Chart 6). According to results from this survey and other recent research, part-time work has two major advantages for employers: the ability to "save the employee" by retaining valuable employees who prefer reduced work schedules; and the means to control or cut labor costs by using employees who work fewer hours (often with less pay and benefits), or cover for peak times, possibly at premium hourly rates, but within set time periods.[12] (See box, page 6, for definitions) "Retention part-timers" are likely to be skilled employees in managerial, technical, or professional positions who have asked to convert from full-time status. By contrast, "cost-saving" part-timers more frequently include workers in production, administrative support, or sales jobs, who are hired directly on a part-time basis.

Over half (56 percent) of surveyed companies indicate that part-time employment is the most advantageous way to cut labor costs, while 48 percent report that reduced schedules are an important skills retention strategy (see box, p. 22). A substantial majority (77 percent) of the firms hire part-timers directly; a minority report that part-time employees have previously held full-time jobs. Approximately 10 percent of the responding firms use both direct hires and conversions from full-time jobs to staff their part-time positions.

Firms report different experiences in filling part-time jobs. A regional bank states: "We need good part-time employees to staff for peak periods and vacation/absenteeism, but most applicants want full-time jobs." But a large automobile insurance company has had the opposite experience. The firm has more applicants for part-time jobs than positions available. "When one person does it, a number of people want the same opportunity. But we have limited need for part-timers," a company spokesman explains.

Part of the variance in corporate experience with the supply of part-time workers may be due to differences in the way firms use them. Firms hiring part-timers from the outside may want a less expensive way to resolve scheduling problems. On the other hand, firms allowing in-house full-timers to reduce their hours typically do so for retention purposes. These part-timers may be offered this option as a transition back to full-time work from a medical or maternity leave.

Whether or not to provide benefits to part-time employees is a controversial issue for many companies.[13] Yet 87 percent of the firms surveyed for this report extend some benefit coverage to part-timers. According to the study, such workers typically are allowed some paid vacation (Table 3). The second most frequently provided benefit is access to pension coverage through the employer, with two-thirds of all firms extending such coverage. This benefit is required by federal law if a firm has a pension plan: ERISA (the Employment Retirement Income Security Act) mandates pension coverage for all workers who are employed 1,000 or more hours a year.

Health benefits are the third most likely benefit extended to part-time employees (56 percent of surveyed firms). Over

[12] See Helen Axel, "Part-time Employment: Crosscurrents of Change," In *Flexible Workstyles: A Look at Contingent Labor* Washington, DC: U.S. Department of Labor, The Women's Bureau, 1988 pp.41-45; and Chris Tilly, "There is More Than One Way to Use A Part-time Worker: 'Good' and 'Bad' Part-time Jobs in U.S. Service Industries." Unpublished paper from the University of Lowell (Massachusetts), March 1989. Both papers discuss the use of "retention" part-timers.

[13] As discussed in Sar Levitan and Elizabeth Conway, "Part-time Employees: Living on Half Rations." A Working Paper of the George Washington University's Center for Social Policy Studies, Washington, DC, 1988.

Table 3: Benefit Coverage for Regular Part-time Employees

	Percent of Firms with Benefits Available	
	To Any Part Timers*	To Part-timers Working Less than 1,000 Hours a year
Paid Vacation	71%	27%
Pension Coverage	66	11
Health Benefits	56	23
Promotion Opportunities	53	28
Training Opportunities	50	26
Paid Sick Leave	47	21
No Benefits	13	—

*Total exceeds 100 percent since most firms offer more than one type of benefit. Benefits are typically prorated.

half of the firms offering health benefits provide the same benefits for part-timers as they do for full-time employees. An additional 25 percent report different arrangements; they typically require part-timers to pay a greater share of the benefit cost or they limit the scope of coverage. Although not widespread, opportunities for promotion and training are more likely to be available to part-timers than are paid sick-leave days.

The threshold for eligibility for pension plans, 1,000 hours a year, is often used to determine eligibility for other benefits. Less than a quarter of the surveyed firms offer health benefits or paid sick leave for part-time employees working less than 1,000 hours annually (Table 3).

Flextime

Forty-nine percent of the 486 firms with flexible scheduling offered flextime arrangements in 1987. This figure is significantly higher than the 31 percent reported in a 1988 survey of the Administrative Management Society (AMS) members.[14] However, the difference in responses may be largely due to differences in firm size. Nearly half (48 percent) of the firms surveyed by AMS employed less than 500 workers, compared to the median domestic work force of 3,000 for firms in The Conference Board's survey. The results of the two surveys suggest that larger firms are more likely to adopt formal flextime programs.

A flextime program typically consists of:

- **Core hours** during which employees must be present.
- **A band of flexhours,** usually at the beginning and end of the workday, during which employees can vary their starting and stopping times.
- **Flexibility in changing starting and stopping times** on a daily, weekly, monthly, or less frequent basis.
- **Opportunity, in some cases, to "bank" hours** by varying the length of the workday and accumulating hours for future time off.

[14]See Administrative Management Society, *1988 AMS Flexible Work Survey*. Trevose, PA: AMS Foundation, 1988.

Over four-fifths of the firms that use flextime set core hours. Some provide a great deal of flexibility in their programs. Levi Strauss & Co., for example, sets relatively short core periods, between 9 a.m. and 11 a.m. and between 1:30 p.m. and 3:30 p.m., thereby allowing an additional two to three hours daily for flexible starting and quitting times. Low-flex firms tend to have long core hours, such as 8:30 a.m. to 4:00 p.m., thus permitting relatively little employee choice. Nearly one-half of all firms (46 percent) allow employees to change their starting and stopping times on a periodic basis, ranging from daily to weekly or monthly. Of those that do allow flexibility, only 16 percent permit employees to bank hours for future time off. But the majority (65 percent) do not allow employees to vary the length of the workday.

Extensive studies of employer and employee reactions to flextime have been conducted over the last decade.[15] In general, employers report that flextime leads to decreases in absenteeism, tardiness, and turnover. In addition, an extensive study examining the effects of flextime on productivity conducted by Stanley Nollen, business professor at Georgetown University, reveals that flextime has either a positive or neutral effect on productivity but does not result in any decrease.[16] In general, the consensus in these studies is that flextime increases employee morale at little to no cost to the firm.

Overall, company responses to this survey indicate support for such a conclusion. Although they experience some problems, the survey shows that only 20 firms (4 percent) discontinued their flextime programs. For example, although executives in a midwestern utility have had to coordinate work involving different parts of the company in different time zones, they still support the flextime arrangement. Managers in other firms have also had to deal with the resentment of employees who are not eligible for flextime. But based on the comments received, most firms with flextime would agree with one southern life insurance company official: "Flextime has worked well. It allows employees to schedule according to their needs."

Compressed Workweeks and Seasonal Hours

Over a third of the 486 firms offering some form of flexible arrangements have implemented compressed work schedules. Four out of five have jobs with these schedules only in certain

[15]Research studies on effects of flextime can be found in Halcyone H. Bohen and Anamaria Viveros-Long, *Balancing Jobs and Family Life: Do Flexible Work Schedules Help?*. Philadelphia, PA: Temple University Press, 1981; Randall B. Dunham, Jon L. Pierce and Maria B. Castaneda, "Alternative Work Schedules: Two Field Quasi-experiments," *Personnel Psychology*, Summer 1987, pp. 215-242; Robert T. Golembiewski and Carl W. Proehl, Jr. "A Survey of the Empirical Literature on Flexible Work Hours: Character and Consequences of a Major Innovation," *Academy of Management Review*, October 1978, pp. 837-853; Stanley Nollen and Virginia Martin, *Alternative Work Schedules, Part I: Flexitime*. New York: AMACOM, 1978; Simche Ronen, *Flexible Working Hours: An Innovation in the Quality of Work Life*. New York: McGraw-Hill, 1981; and Richard A. Winett and Michael S. Neele, "Results of Experimental Study on Flexitime and Family Life," *Monthly Labor Review*, November 1980, pp. 29-32.

[16]See Stanley Nollen, "Does Flexitime Improve Productivity?" *Harvard Business Review*, September/October 1979, pp. 4-8.

business units or types of occupations, for example, in computer operations or production processes. Compressed workweeks are typically mandated by companies for certain jobs. The "option" available to employees is whether to take a job with that type of schedule.

The most prevalent variation for year-round compressed work schedules is the 4/10 model: Over half of the firms with these arrangements schedule work in four ten-hour days. The second most popular model is the 3/12 schedule (three 12-hour days), used by nearly a third of the firms. Federal law has limited the use of 12-hour workdays, as a human resources manager of a pharmaceutical firm explains:

> Until its revocation, the daily overtime requirements under Walsh Healy inhibited the growth of compressed schedules among government contractors. Not many employers were willing to go through the hassle of DOL [Department of Labor] approval, the recalculation of base pay rates, or increased expense of paying the daily overtime. This obstacle to 4-day schedules has been removed, but the Fair Labor Standards Act continues to inhibit 12-hour compressed schedules, which must cross 40 hours in some weeks even if they average 40 hours in a multi-week cycle.

To circumvent the obstacle, the firm redesigned its payroll system to accommodate compressed scheduling, even though it means that base pay rates must be recalculated. Other employers report that they overcame the 12-hour day restriction by employee votes. Detroit Edison, for example, implemented 12-hour shifts after a ballot by employees approved the schedule.

The least common compressed workweek arrangement is the 5/4/9 model. Only 3 percent of all firms allow employees to work 9-hour days, with a three-day weekend every other week.

Research results on the effects of compressed schedules are mixed.[11] Some studies report increases in productivity as a result of a switch to shortened workweeks; others have shown little or no significant productivity differences between the year prior to and following the introduction of compressed work arrangements. The critical factor seems to be the extent to which the schedules meet a particular need for operational effectiveness —such as in the area of client service. Furthermore, compressed workweeks appear to reduce work-family conflicts only when the arrangement is introduced in an area where employees have been experiencing specific difficulties. Company data from the Board's survey reflect a similar mix of reactions.

Only 30 percent of the firms with compressed workweeks offer seasonal hours programs. The most prevalent model for seasonal hours is the provision of reduced hours one day a week.

Job Sharing

Job sharing involves one job being filled by two people. Although it is the arrangement most likely to be under consideration, many firms consider it the most unworkable.[12] The concept of "one job/two people" proves difficult for some employers to accept if the job requires supervisory responsibilities or on-going contact with clients. Despite these difficulties, Steelcase Inc. reports great success with job sharing and has recently expanded the opportunity to employees company-wide. Steelcase is an exception—most U.S. firms are more likely to limit both the number of job sharing pairs and the occupations for which job sharing can be developed.

According to the survey results, job sharers typically differ from most regular part-timers in that they are former full-time employees who have converted to a job-sharing status. In over three-fourths of such conversions, the arrangement is initiated by the employees (Chart 7). Although job sharers may differ from part-time employees in terms of how they are hired, they generally receive the same benefits package as regular part-timers. (In classic job-sharing arrangements, a full-time job is split, and all benefits accorded full-time employees are prorated between the sharers.) Nearly four out of five job-sharing pairs are employees in administrative support or clerical jobs.

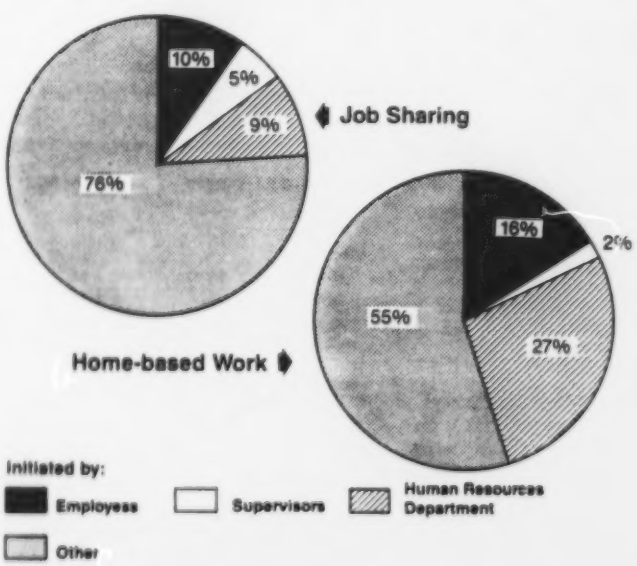
Home-based Work

Compared to the popular public image enjoyed by telecommuting—fueled in part by futurist Alvin Toffler's image of the electronic cottage in *The Third Wave*—the corporate realities of work-at-home arrangements are more modest. According to the survey results, only 29 of the responding com-

[11] See Dunham, Pierce and Castenada, *op. cit.*

[12] For further information on how job sharing can work, see Barney Olmsted, "Job Sharing: An Emerging Work Style," *International Labour Review*, May-June 1979, pp.283-297; and Barney Olmsted and Suzanne Smith, *Creating a Flexible Workplace: How to Select and Manage Alternative Work Options*. New York: AMACOM, 1989.

Chart 7:
Who Initiates?



panies have any type of recognized program, not involving the sales force, for working at home (Table 4).

Corporate programs for home-based work are designed to suit different purposes. Some companies, such as Merck & Co. and IBM, are either testing or offering home-based work to women returning from maternity leave. Others, such as Pacific Bell Telephone Company and U S West, make the arrangement available across the board to professional employees who can show that management's, as well as their own, needs are met. In many cases, employees are motivated to work at home as a way to reduce or eliminate commuting times. Pacific Bell makes clear that home-based work opportunities are not intended to replace regular child care arrangements.

Working at home suits the work habits and life-styles of some personalities, particularly those self-disciplined, self-starters who can work with a high degree of autonomy. Home-based work, however, cannot solve child care problems, or substitute for other forms of child care assistance.[19] In a recent study of corporate telecommuting programs, it appears that modest to no increases in productivity occur when employees work at home, except in cases when additional hours of overtime are worked.[20]

Of the 29 firms with formal programs, over half of the home-based employees initiated these arrangements, while slightly over a quarter of the arrangements were initiated by supervisors (Chart 7). Over two-thirds of the employees work at home using computers, and over half only come into the office as the work flow requires. In fact, over a quarter of the home-based employees are not required to spend time in the office.

What the survey results cannot gauge are the numbers of employees who have arranged private deals with their immediate supervisors to work from home for one or two days a week. Anecdotal evidence suggests there are a number of these arrangements, which many firms prefer to keep private and informal, to reflect a management philosophy that values on-the-job visibility and immediate availability for face-to-face meetings.

[19]See Kathleen Christensen, *Women and Home-based Work: The Unspoken Contract*. New York: Henry Holt and Company, 1988; and Alex Kotlowitz, "Working at Home While Caring for a Child Sounds Fine—In Theory," *The Wall Street Journal*, March 30, 1987.

[20]As described in Margrethe Olson, "An Investigation of the Impact of Remote Work Environments and Supporting Technology." Unpublished paper. CRIS #161 GBA, #87-80, 1987.

Table 4: Flexible Schedules: Formal vs Ad Hoc Arrangements

	Number of firms with Arrangements	Percent of Firms with: Formal Policies	Percent of Firms with: Ad Hoc Arrangements*
Part-time Employment	457	70%	30%
Flextime	235	54	46
Compressed Workweek	162	48	52
Phased Retirement	36	39	61
Job Sharing	98	29	71
Home-based Work	29	27	73

*Such arrangements are often more selectively applied.

Phased Retirement

By extending vacations or reducing the workday or workweek, some companies are allowing older employees to reduce their work activity and gradually phase into retirement. This is one of the least likely alternative arrangements and the one most likely never to have been considered. Only 36 of the companies surveyed have such programs, while 323 never considered implementing one (Table 4).

Part of this reticence may be explained by the fact that older workers have not yet been recognized as an important labor pool, a perception compounded by the 1980s wave of layoffs and early retirement incentives and programs. This attitude may change as work force demographics change. Phased retirement programs may be reconsidered, providing new alternatives to older employees dissatisfied with current labor market options.[21] Attractive as this scenario may be to older workers, however, it may hold limited opportunities in the short run. Many employers still appear more interested in getting people of retirement age off their books and rehiring them as contingent workers.

Of those companies with phased retirement programs, the most typical pattern is to allow gradually shortened workweeks, a preferred schedule among older workers (according to various attitude surveys).[22] Companies in the survey most frequently mention that an employee must have worked a minimum of five years in the firm and be at least 55 years old in order to participate in a phased retirement program. Over half allow employees to change their minds—that is, withdraw from the program and return to full-time work.

How Flexible?

According to survey findings, only four "high-flex" firms offered all six alternative scheduling arrangements. Levi Strauss exemplifies this model. A company executive reports that the firm's philosophy toward flexibility and change is "very supportive and innovative. We have to experiment with new ideas." Most firms have less scheduling flexibility. Among the compainies with part-time work, 66 percent permit only these arrangements or have part-time jobs and one other flexible schedule—most likely flextime. An additional 20 percent allow part-time work and two other arrangements, which are apt to be flextime and compressed workweeks. Twelve percent of the firms that offer part-time work schedules provide three or more other arrangements. When three additional arrangements are available, however, the first is once again flextime, followed by job sharing and compressed work schedules. Since part-time and flextime work options are the most prevalent scheduling arrangements, they are likely to be a company's first experiment with nonregular work hours.

[21]See Kathleen Christensen, "Bridges over Troubled Water: How Older Workers View the Labor Market," In Peter B. Doeringer, *Bridges to Retirement: Trends in the Labor Market for Older Workers*. Ithaca, NY: Cornell University, ILR Press, forthcoming 1990.

[22]See Axel, *op. cit.*, 1989.

A Culture of Flexibility

Some corporate cultures are flexibility-oriented. If a supportive culture exists, the CEO has undoubtedly been instrumental in its cultivation. In some companies, the cultural commitment to flexible schedules may be a function of broader dedication to providing support for the work-family demands faced by employees. An example is Merck & Co. A company official states:

> Behind all of Merck's family-support activities lies a basic philosophy and set of beliefs. . . . It is Merck's belief that the corporation can benefit from helping the employee develop an effective balance between the work and family arenas of life. Family-support activities provided by the company are of obvious benefit to the employee. However, it is also Merck's belief that the employee not only wants to but must retain the primary responsibility for handling family matters. The role of the corporation should be one of support, one of understanding, and one which assists the employee in identifying and using effective family-support resources.

Merck's philosophy has been instrumental in developing specific activities—including, but not limited to, relocation assistance; parental leave; child care referral services; family matters workshops; stress-reduction programs; spouse referral career service; and employee assistance programs. It is within this overall work-family culture that policies regarding flextime, flexplace (work-at-home arrangements), and part-time work are developed. According to a company statement:

> Increasingly, and particularly for the growing number of dual-career couples and working mothers, family demands are more difficult to respond to solely during 'traditional' after-hours time. Dentists and doctors don't often adapt their hours to the changed life-styles of their patients. A sick child frequently requires a parent to be away from the job, usually during traditional working hours.
>
> In an effort to provide additional flexibility to employees for whom daily demands were more frequently clashing with work demands, Merck instituted flextime at many of its locations. . . . Although not yet established patterns of work scheduling, Merck has tested a number of other alternate work arrangements to provide additional flexibility to employees. Two other notable approaches that are being used with increasing frequency are the use of flexplace and part-time work. Part-time work—particularly in association with child care leave—provides the employee an opportunity to make a transition back to work, while at the same time, allowing the opportunity to handle demands that continue in the home setting.

Although Merck developed flexplace and part-time work primarily in association with maternity and child care leaves, the company continues to review other situations in which such work arrangements could be useful.

Scheduling flexibility is one of many approaches adopted by Corning to make its corporate culture more responsive to women and minorities. Between 1980 and 1987, about one in six black professionals departed, as did one in seven female professionals, compared to a substantially lower rate (one in 14) for white male professionals. According to Corning's Chairman James R. Houghton: "We do a good job of hiring women and minorities but a lousy job of retention and promotion... it's not good enough just to bring them through the front door."[23] In order to retain qualified women employees with family responsibilities, Corning has launched an aggressive program to negotiate part-time or job-sharing arrangements for valuable employees who desire them—as long as such arrangements also meet the company's needs.

Formal vs. Ad Hoc Arrangements

The more prevalent an arrangement across firms, the more likely it is to be a subject of a formal policy (Table 4). For example, part-time work and flextime programs are typically governed by written policies. These policies vary but usually cover issues of eligibility and, in the cases of part-time work, job sharing, and phased retirement, compensation and benefits. With regard to flextime, most policies detail the core hours all employees must be present, the flexible margins at the beginning and the end of the day for starting and quitting, and whether banking time for future use is available.

The less prevalent an arrangement across firms, the more likely it is to be negotiated informally between local supervisors and individual employees. Generally, employees initiate such discussions. In some cases, human resources departments may be involved in the negotiation process, but in other cases, it is a private agreement between a supervisor and an employee. Employees who are permitted to make such arrangements are generally among the top performers, and the deal may be a means of retaining them. Job sharing and home-based work, for example, are often negotiated on an informal basis.

By nature, ad hoc work schedules may lead to some undercounting by companies, particularly with regard to the number of home-based employees. It is possible and likely that a local supervisor could agree to a one- or two-day a week schedule at home for a particular employee without approval from the personnel unit. The figures on job sharing are probably more accurate since this type of schedule would be more difficult to negotiate without the knowledge of the human resources department—because benefits and compensation need to be prorated.

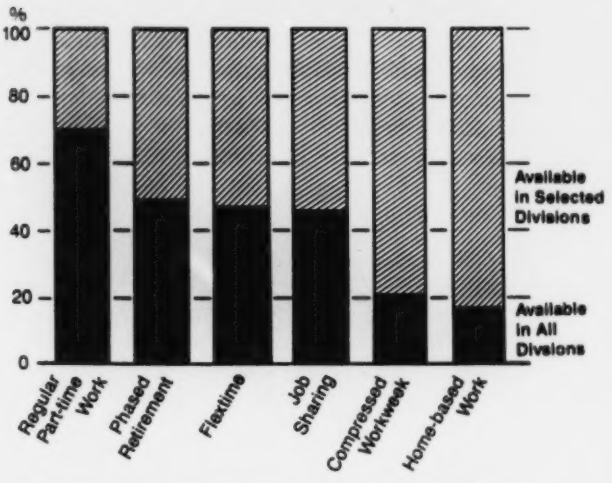
Program Availability and Size

Approximately half of the surveyed firms permit flextime, job sharing, and phased retirement in all divisions; the remainder limit participation to selected divisions (see Chart 8). Program availability varies widely for compressed workweeks, part-time, and home-based work. On one end of the spectrum is part-time work—most firms have part-time policies in all of their divisions. At the other extreme, compressed workweeks and home-based work schedules are most likely to be functionally related and limited to certain divisions—typically technically oriented operations (such as computer centers), or production units of manufacturing firms.

[23] As reported in Carole Hymowitz, "One Firm's Bid to Keep Blacks, Women," *The Wall Street Journal*, February 16, 1989.

Chart 8:

Extent of Flexible Work Schedules



Note: Number of firms using each arrangement varies. See Table 4, page 16

It appears that the least prevalent arrangements are also those with the fewest participants. Job sharing, phased retirement, and home-based work options are likely to involve only a small number of participants within a firm. For example, when job sharing is an option, the median number of job sharing pairs among those surveyed is three (Table 5).

Looked at from another angle, of those polled:

- 18 of the 29 firms with home-based work programs have five or fewer participants.
- 47 of the 98 firms that offer job sharing, have five or fewer job-sharing pairs. The majority of other firms with programs in excess of ten pairs are in manufacturing, where job-sharing typically consists of two part-time jobs on a production line, rather than one job split between two people.
- 13 of the 36 firms offering phased retirement have five or fewer employees in their programs.

Given these small programs; the findings may be limited to the sometimes anecdotal information available to the human resources executive who completed the Board's survey.

The Flexible Employee

Workers who participate in formal alternative work schedules are most likely to be women and most apt to be employed in clerical, administrative support, or sales occupations. (The exceptions are employees involved in compressed work schedules or in phased retirement programs.) Women distinctly outnumber men in four out of six alternative work arrangements among the responding companies (Chart 9). The most female-intensive arrangements are job sharing and part-time work. Flextime and home-based work are also female dominant, but to a lesser degree. Men, on the other hand, predominate in only two arrangements—compressed work schedule and phased retirement. The latter reflects a cohort of older workers eligible for retirement that is predominantly male. Men

Table 5: Employees Using Flexible Schedules

	Median Number Using Arrangement In:		
	Manufacturing	*Nonfinancial Services*	*Finance & Insurance*
Flextime	300	250	300
Compressed Workweek	50	71	30
Part-time Employment	25	28	130
Job Sharing (Pairs)	3	3	2
Phased Retirement	3	2	3
Home-based Work	4	2	5

on nonregular work schedules are typically professionals and technicians, although employees on compressed schedules are frequently in production and service work.

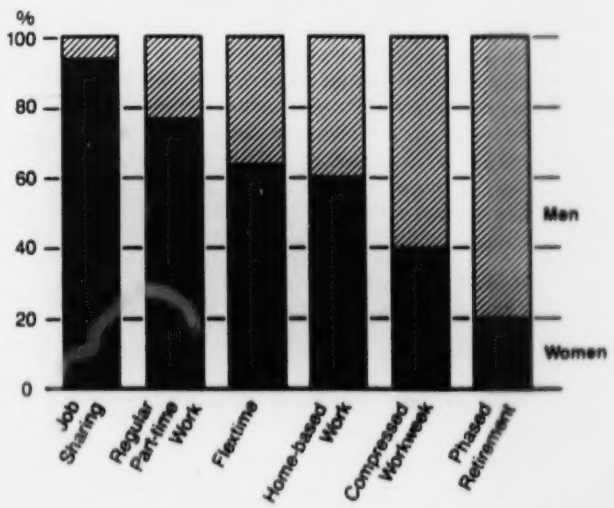
What appear to be clear gender differences among these alternative arrangements may also be reflective of age differences. For example, the high proportion of women using family-responsive flexible work options may, in fact, also reflect women's stage of life at least as much as—if not more than—their gender.

Differences in gender distribution in arrangements may also be a function of the status of the job. High-level employees, who have more autonomy, are more likely to negotiate informal work scheduling arrangements. Lower level, nonmanagerial employees tend to have access primarily to formally arranged programs, such as flextime (Chart 10).

The only female-intensive work arrangement not predominantly in the clerical or sales category is home-based work. Sixty percent of all home-based workers are women who are most likely to be in professional and managerial occupations. Many employers believe that managers cannot work on

Chart 9:

Distribution of Men and Women Using Flexible Schedules



Note: Number of firms using each arrangement varies. See Table 4, page 16

Chart 10:

Occupational Distribution of Employees Using Flexible Schedules

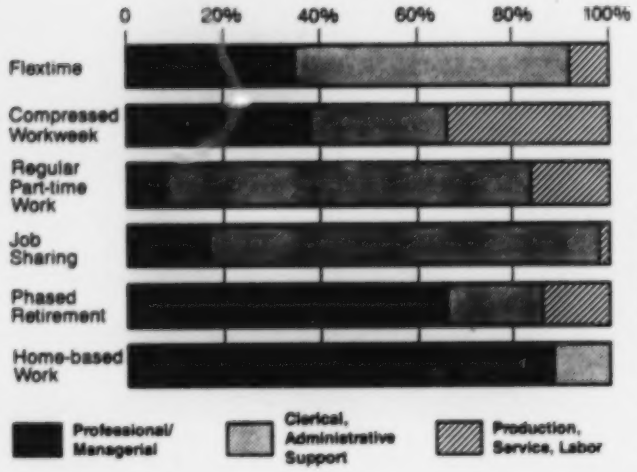
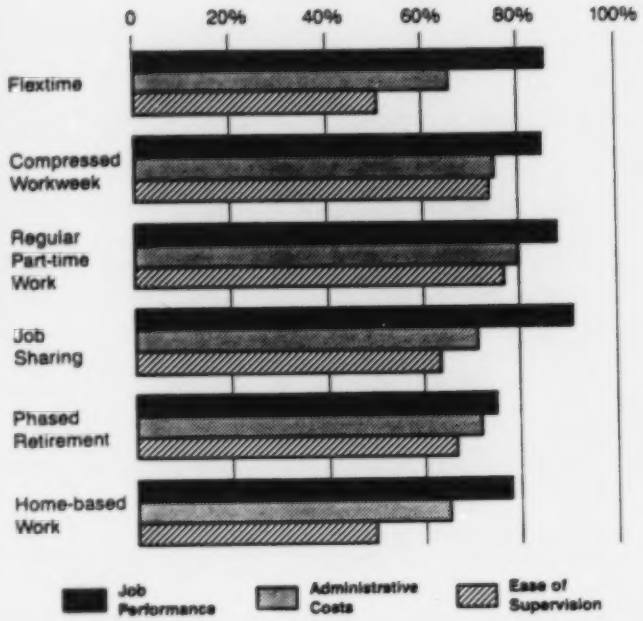


Chart 11:

Management Satisfaction with Flexible Scheduling

Percentage firms reporting "very satisfactory" or "satisfactory" in each category



a part-time or job-sharing basis, given the range of their supervisory and other responsibilities. The only option seen as appropriate for women managers who want or need flexibility is home-based work—generally allowed one or two days a week—when they can pursue nonsupervisory activities.

Satisfaction with Scheduling Arrangements

During this period of intense competition and calls for increased productivity, the challenge to American businesses is to learn how to manage employees who deviate from the relatively rigid Monday through Friday, 9 to 5 job schedules. Human resources executives responding to this survey rated flexible schedules in terms of satisfaction with employee performance, administrative costs, and the ease of supervision. The participants were most satisfied with flexible schedules in the area of job performance. All six arrangements got very high marks in terms of how employees perform when given the opportunity to vary their hours or place of work (Chart 11), while they all received lower marks on ease of supervision. (In all cases, satisfaction with costs fell in between.)

Job sharing is a case in point. Of the 98 firms that offer job sharing, 91 percent are satisfied with performance levels, but a markedly smaller percentage consider job sharers easy to supervise. Similarly, with flextime, 86 percent of firms are satisfied with employee job performance, but half are concerned about supervision.

What is not clear from the results is whether the lower satisfaction levels reflect respondents' personal difficulties in managing employees on flexible schedules, or whether they reflect a more general resistance to alternative scheduling arrangements within the corporation. Assessments about difficulties in direct supervision may be reflections of inexperience at best and corporate resistance at worst.

Regular part-time arrangements receive the highest satisfaction rating on administrative costs; flextime and home-based work are considered the least satisfactory on this score. One explanation may be that flextime is considered costly in firms that keep extensive records of employees' hours or that incur additional overhead costs associated with longer workdays. The data could also reflect opinions based on intuition, as the majority of firms report that they do not collect administrative costs on flexible work schedules. For example, only 2 percent of the firms report collecting data on flextime and 3 percent on compressed workweeks. Home-based work may be more expensive in firms that absorb the costs of equipping such employees.

Trends in Flexible Scheduling

Firms report that they are more likely to increase their use of flexible schedules within the next few years than they did during the early and mid-1980s (Charts 12 and 13). Over the past several years, at least a third of the surveyed firms expanded their use of flextime, compressed workweeks, regular part time, and job sharing (Chart 12). By contrast, considerably fewer firms reported increases in home-based work and phased retirement. However, according to respondents, substantial growth will occur in all arrangements in the years ahead. Over half of the firms anticipate increasing their use of all types of flexible schedules. The proportion of firms expecting growth in job sharing and phased retirement is especially high—but the current base for these arrangements is very low.

It should be noted that company growth estimates about frequently used options such as part-time work and flextime

Chart 12:

Recent Trends

1987 Experience Compared with Recent Past

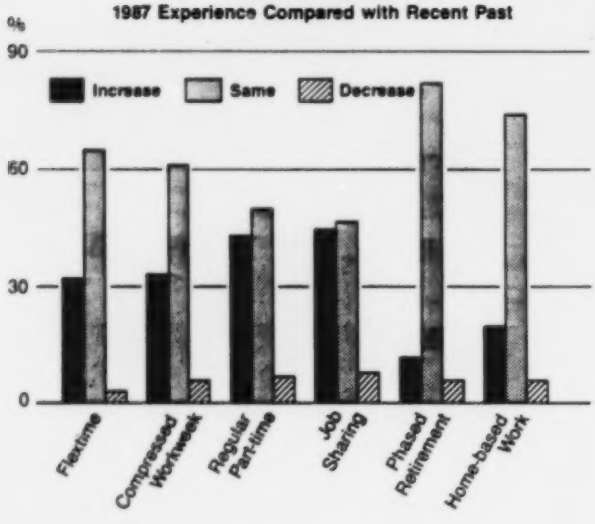
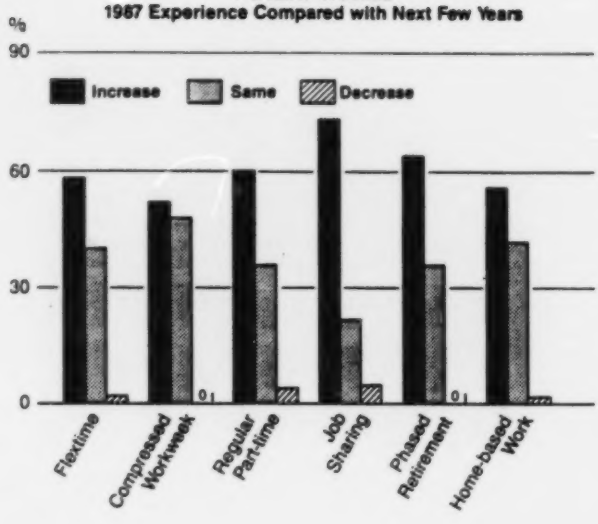


Chart 13:

Future Trends

1987 Experience Compared with Next Few Years



Time-off Policies

Time-off policies represent another way surveyed companies provide flexibility to employees. The leaves that are most likely to be paid include vacation, jury duty, sick leave for employees, bereavement leave, and disability leave. Leaves for sick members of the family are available in more than two-thirds of the surveyed firms, but only a minority pay for them. Adoption leave and parental leave for fathers are provided in close to half of the surveyed firms, but only a fraction offer them as paid leaves.

Of particular significance is the finding that in 60 percent of the surveyed firms, mothers are allowed up to 11 weeks of unpaid leave—beyond the six-week disability period. This 11-week leave exceeds the ten unpaid weeks of parental leave for women employees in medium and large companies that is now being considered in the U.S. Congress. In effect, the majority of the companies responding to this survey already have parental leave policies equivalent to or greater than the one in the proposed legislation.[1]

Leaves Offered in Surveyed Companies

Type of Leave	*Percent of Firms Offering Arrangement*	*Percent Offering Leave**		*Mean Maximum Days Allowed Per Year*
		Paid	*Unpaid*	
Vacation	96%	99%	1%	25
Jury duty	95	97	3	26
Sick leave for employees	93	95	1	66
Bereavement leave	91	93	5	4
Disability leave	90	82	11	157
Leave for sick family members	67	36	58	14
Parental leave beyond disability for mother	60	6	91	56
Adoption leave	46	9	88	34
Parental leave for father	44	6	92	18
Social service leave	28	18	79	51
Sabbatical	24	10	90	50

*Percentage of paid and unpaid leave do not always add up to 100 percent since some companies offer both paid and unpaid leaves.

[1]See Lisa M. Lasky, "The Countdown on Family Leave," The Conference Board *Perspectives*, No. 18, 1989.

are probably better grounded than perceptions about infrequently used ones, such as job sharing and phased retirement. What is not known from the survey results is whether companies intend to increase their use of these arrangements by increasing the number of participants in them or by expanding their availability in the company. In effect, the increased growth may involve either intensive or extensive usage in the company.

When growth trends in flexible scheduling (Charts 12 and 13) are compared with those in contingent staffing (Charts 4 and 5), it is evident that past growth occurred in staffing arrangements, while future growth will be in scheduling. If these trends are borne out, it may be that, after a wave of restructuring and an accompanying turn to contingent workers, companies are now ready to focus on the recruitment and retention of a high-quality work force.

Strategic Use of Scheduling and Staffing

Participating executives were asked to check off the advantages and disadvantages they associated with various scheduling and staffing arrangements. On the whole, the respondents emphasized more advantages than disadvantages. It is not possible to discern from this survey the extent to which advantages reflect real benefits to the company, or merely the degree of familiarity that personnel officials have with the arrangements. It is evident from the data that once an arrangement is in place, the tendency is to continue it.

Regular part-time work and flextime are the most popular arrangements for addressing work-family needs. Regular part-time schedules, flextime, and internal temporary pools are most often cited for recruitment and retention purposes (see box, next page). Flextime, part-time work, and job sharing are considered alternatives that enhance the company's image. Temporary agency firms, internal temporary pools, and part-time jobs are viewed by some employers as low-risk arrangements for "auditioning" candidates for future positions within their firms. Hiring temps through outside agencies is the staffing strategy used to cover absences and vacations, and to staff in peak times; while flextime is considered the best strategy for reducing absenteeism and turnover. When a firm wants to avoid problems with rigid head counts, it typically relies on temporary agency hires and independent contractors. For cutting labor costs and buffering downturns in the economy, approximately one-third of the responding firms turn to outside temporary personnel, and another third to internal temporary pools.

In summary, American businesses have entered an era in which flexibility constitutes a valued norm in how positions are staffed and how time and place schedules for employees are defined. Flexibility is also an important strategy for achieving company goals. Contingent staffing is used to cut costs, protect employee security, and buffer downturns in the economy. Flexible scheduling helps a firm to recruit and retain high-quality workers, enhance its corporate image, and meet the work-family needs of employees. The results of this survey indicate that future expansion in alternative work arrangements will concentrate on providing greater flexibility for regular employees. However, it is also clear that effective management methods need to be developed before any extensive implementation of flexible scheduling can occur.

Use of Staffing and Scheduling Alternatives (Percent of Firms Citing the Arrangement)

RECRUITMENT AND RETENTION

Advantages:

Retain Valuable Skills

1. *Regular Part-time Work (48%)*
2. *Flextime (30%)*
3. *Internal Temporary Pool (22%)*

Acquire Special Services/Talents

1. Independent Contractors (45%)
2. Temporary Agency Hires (29%)
3. Regular Part-time Work (18%)

Enhance Company Image

1. Flextime (29%)
2. Regular Part-time Work (19%)
3. Job Sharing (13%)

Offset Labor Shortages

1. Temporary Agency Hires (36%)
2. Regular Part-time Work (26%)
3. Internal Temporary Pool (19%)

Audition Job Candidates

1. Temporary Agency Hires (30%)
2. Internal Temporary Pool (14%)
3. Regular Part-time Work (13%)

Disadvantages:

High Turnover and Absenteeism

1. Regular Part-time Work (10%)

ROUTINE ADMINISTRATION AND STAFFING

Advantages:

Cover During Absences and Vacation

1. Temporary Agency Hires (69%)
2. Regular Part-time Work (44%)
3. Internal Temporary Pool (36%)

Staff for Peak Time

1. Temporary Agency Hires (62%)
2. Regular Part-time Work (48%)
3. Internal Temporary Pool (32%)

Reduce Absenteeism/Turnover

1. Flextime (35%)
2. Regular Part-time Work (26%)
3. Compressed Workweek (15%)

Avoid Head-count Problems

1. Temporary Agency Hires (35%)
2. Independent Contractors (20%)

Disadvantages:

Difficulties in Supervision

1. Temporary Agency Hires (24%)
2. Flextime (19%)
3. Regular Part-time Work (12%)

Jobs Not Appropriate for Arrangement

1. Flextime (12%)
2. Regular Part-time Work (10%)

COST CONTROL, PRODUCTIVITY, WORK QUALITY

Advantages:

Cut Labor Costs

1. Regular Part-time Work (56%)
2. Temporary Agency Hires (30%)
3. Internal Temporary Pool (29%)

Buffer Downturns in the Economy

1. Temporary Agency Hires (34%)
2. Regular Part-time Work (33%)
3. Internal Temporary Pool (19%)

Disadvantages:

Inconsistent Work Quality

1. Temporary Agency Hires (55%)
2. Internal Temporary Pool (10%)

Lower Productivity

1. Temporary Agency Hires (26%)

The Conference Board
845 Third Avenue
New York, New York 10022